

**SUMMARY OF MAJOR CHANGES TO
DoD 7000.14-R, VOLUME 11B, CHAPTER 10,
“NET POSITION”**

Substantive revisions are denoted by an ★ preceding the section or paragraph with the substantive change or revision.

PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
	CHAPTER 10 (previously, Chapter 60) NET POSITION	
All	A complete revision due to Statement of Federal Financial Standard (SFFAS) No. 7, “Accounting for Revenue and Other Financing Sources.” The SFFAS No. 7 abolished all net position accounts except for: (1) Unexpended Appropriations, and (2) Cumulative Results of Operations. The revision illustrates how those two net position accounts are to be used by a Defense Working Capital Funds (DWCF).	Compliance with SFFAS No. 7

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CHAPTER 10**NET POSITION**★1001 NET POSITION

100101. General Information. Additional information relating to net position may be found in Volume 4, Chapter 15, “Equity,” of this Regulation.

100102. Definitions

A. Net Position. Net position represents the net investment of the United States (U.S.) government in the Department of Defense. Net position is the difference between assets and liabilities of an agency. Net position consists of cumulative results of operations and unexpended appropriations.

B. Cumulative Results of Operations

1. The cumulative results of operations is the net difference between: (1) expenses, losses, and transfers out from the inception of an agency or activity, and (2) financing sources (i.e., appropriations and revenue) and gains from the inception of an agency or activity (whether financed from appropriations, transfers in, revenues, reimbursements, or any combination of the four) to the reporting date (when financial statements are prepared).

2. The cumulative results of operations are adjusted at least annually by the results of operations and by other items. Increases (gains) occur when the results of operations show an excess of financing sources and gains over expenses, losses, and transfers out. Decreases (losses) occur when an excess of expenses, losses, and transfers out exist. Adjustments to cumulative results of operations may also arise from such things as prior period adjustments and distributions of the excess financing sources and gains, in accordance with law, regulation or administrative designation.

C. Unexpended Appropriations. Unexpended appropriations includes the portion of the entity’s appropriations represented by undelivered orders and unobligated balances. Increases occur when appropriations or reappropriations are received or unexpended appropriation amounts are transferred in. Decreases occur as expenditure accruals using appropriated funds are recognized and recorded, and when unobligated amounts are withdrawn, rescinded, or canceled. Decreases also occur when previously appropriated and/or reappropriated amounts are returned to the U.S. Treasury or to another appropriation or fund.

100103. Net Position Accounts. The net position accounts for use by the DWCF are listed below:

- 3100 Unexpended Appropriations
- 3310 Cumulative Results of Operations
 - Cumulative Results of Operations (Normal)
 - Cumulative Results of Operations (Deferred)
 - Cumulative Results of Operations (Net Cash Transfers)
 - Cumulative Results of Operations (Assets Capitalized)
 - Cumulative Results of Operations (Liabilities Assumed)

★1002 ACCOUNTING FOR NET POSITION

100201. Account 3100, Unexpended Appropriations. Account 3100 shall be used to record amounts appropriated or reappropriated to establish or increase the working capital of a DWCF. Chapter 3, “Budgetary Resources,” of this volume contains additional information on the use of this account. The following illustrate the most common entries to this credit-balance account:

A. Allocation of Direct Appropriation. Record receipt of direct obligational authority at an activity level.

Dr 4580 Allotments Received (Direct)
Cr 4610 Allotments-Realized Resources (Direct)

Dr 1010 Funds Balance With Treasury (Funds Collected-Operating Program)
Cr 3101 Unexpended Appropriations-Appropriations Received

B. Use of a Direct Appropriation in DWCF. The use of a direct appropriation issued to a DWCF is recorded at the activity level.

Dr 4610 Allotments-Realized Resources (Direct)
Cr 4700 Commitments (Direct)

Entry to record commitment.

Dr 4700 Commitments (Direct)
Cr 4801 Undelivered Orders-Obligations, Unpaid (Direct)

Entry to record undelivered order without an advance.

Dr 4801 Undelivered Orders-Obligations, Unpaid (Direct)
Cr 4901 Delivered Orders-Obligations, Unpaid (Direct)

Dr 6100 Operating Expenses/Program Costs
Cr 2110 Accounts Payable

Entries to record the delivery of goods and services and accrue a liability.

Dr 3107 Unexpended Appropriations-Used
Cr 5700 Expended Appropriations

Entry to record direct appropriations used this accounting period. The above entries apply only when an appropriated amount is used to fund an expense or capital asset. Account 5700 discloses an appropriated financing source. The above entry serves to reduce the appropriated balance. At the end of the accounting period, Account 5700 is closed to Account 3310, Cumulative Results of Operations (Normal).

Dr 4901 Delivered Orders-Obligations, Unpaid (Direct)
Cr 4902 Delivered Orders-Obligations, Paid (Direct)

Dr 2110 Accounts Payable
Cr 1010 Funds Balance with Treasury (Funds
Disbursed-Operating Program)

Entries to record payment and disbursement of funds.

100202. Account 3310, Cumulative Results of Operations (Normal). Account 3310, Cumulative Results of Operations (Normal) shall be used primarily to accumulate the net difference between expenses and financing sources since inception through the annual closing of revenue, expense, gain, and loss accounts and prior period adjustments. Detail accounting transactions shall not be posted directly to this account. The following illustrates common accounting period closing entries to this account:

Dr 5100 Revenue From Goods Sold
Dr 5200 Revenue From Services Provided
Dr 5900 Other Revenue
Cr 3310 Cumulative Results of Operations (Normal)

Entry to close the revenue accounts at the end of the accounting period.

Dr 3310 Cumulative Results of Operations (Normal)
Cr 6100 Operating Expenses/Program costs
Cr 6500 Cost of Goods Sold
Cr 6710 Depreciation, Amortization and Depletion

Entry to close the expense accounts at the end of the accounting period.

Dr 7110 Gains on Disposition of Assets
Dr 7190 Other Gains
Dr 7300 Extraordinary Items (Gains)
 Cr 3310 Cumulative Results of Operations (Normal)

Entry to close the “gain” accounts at the end of the accounting period.

Dr 3310 Cumulative Results of Operations (Normal)
 Cr 7210 Losses on Disposition of Assets
 Cr 7290 Other Losses
 Cr 7300 Extraordinary Items (Losses)

Entry to close the “loss” accounts at the end of the accounting period.

Dr 5700 Expended Appropriations
Dr 5720 Financing Sources Transferred In Without Reimbursement
Dr 5755 Nonexpenditure Financing Sources-Transfer-In
Dr 5790 Other Financing Sources
 Cr 3310 Cumulative Results of Operations (Normal)

Entry to close the “financing sources” accounts at the end of the accounting period.

Dr 7400 Prior Period Adjustments
 Cr 3310 Cumulative Results of Operations (Normal)

Entry to record, at end of accounting period, prior period adjustments that result in a net increase to net position.

Dr 3310 Cumulative Results of Operations (Normal)
 Cr 7400 Prior Period Adjustments

Entry to record, at end of accounting period, prior period adjustments that result in a net decrease to net position. Account 7400 is used only to correct errors of entries that were made, or not made, in prior years to accounts, such as revenue, expense, gain, and loss accounts, that were closed to and thereby affected net position.

100203. Account 3310, Cumulative Results of Operations (Deferred).
Account 3310, Cumulative Results of Operations (Deferred) shall be used to disclose any portion of cumulative results of operations that has been deferred for recovery from, or return to, customers in the subsequent fiscal year stabilized rate or standard price development. Entries to this account:

A. Shall not be made unless authorized by the next higher command. Documentation to demonstrate higher level authorization shall be retained for, and made available for audit.

B. Shall be traceable to specific direction received from the Office of the Under Secretary of Defense (Comptroller), Office of the Deputy Comptroller (Program/Budget), Revolving Funds Directorate to defer recovery or return of cumulative results of operations.

C. The following illustrates common accounting period closing entries to this account:

Dr 3310 Cumulative Results of Operations (Deferred)
Cr 3310 Cumulative Results of Operations (Normal)

Entry to record a deferral of a negative cumulative results of operations.
(This entry must be supported by a specific authorization.)

Dr 3310 Cumulative Results of Operations (Normal)
Cr 3310 Cumulative Results of Operations (Deferred)

Entry to record a deferral of a positive cumulative results of operations.
(This entry must be supported by a specific authorization.)

100204. Account 3310, Cumulative Results of Operations (Net Cash Transfers). Additional guidance on transfers of cash and associated budgetary resources may be found in Chapter 4, of this volume. Account 3310, Cumulative Results of Operations (Net Cash Transfers) shall be used to:

A. Record, as an increase, the cash transferred into the DWCF (or between DWCF Treasury subaccounts) that was initially recorded to Account 5720, "Financing Sources Transferred In Without Reimbursement (Cash Transfers) and Account 5755, "Nonexpenditure Financing Sources-Transfer-In (Cash Transfers)."

B. Record, as a decrease, the cash transferred out of the DWCF (or between DWCF Treasury subaccounts) that was initially recorded to Account 5730, "Financing Sources Transferred Out Without Reimbursement (Cash Transfers)" and Account 5765, "Nonexpenditure Financing Sources-Transfer-Out (Cash Transfers)."

C. The following illustrates common accounting period closing entries to this account:

Dr 5720 Financing Sources Transferred In Without
Reimbursement (Cash Transfers)
Dr 5755 Nonexpenditure Financing Sources-Transfer-In (Cash Transfers)
Cr 3310 Cumulative Results of Operations (Net Cash Transfers)

Entry to close the value of cash transferred in from another appropriation/fund to a DWCF or between DWCF Treasury subaccounts.

Dr 3310 Cumulative Results of Operations (Net Cash Transfers)
Cr 5730 Financing Sources Transferred Out
Without Reimbursement (Cash Transfers)
Cr 5765 Nonexpenditure Financing Sources-Transfer-Out
(Cash Transfers)

Entry to close the value of cash transfer out from the DWCF to another appropriation/fund or between DWCF Treasury subaccounts.

100205. Account 3310, Cumulative Results of Operations (Assets Capitalized).
Account 3310, Cumulative Results of Operations (Assets Capitalized) shall be used to:

A. Record, as an increase, the net book value of contributed assets transferred in that were initially recorded to Account 5720, "Financing Sources Transferred In Without Reimbursement (Assets Capitalized)."

B. Record, as a decrease, the transfer out, donation, or other disposal of contributed assets that were initially recorded to Account 5730, "Financing Sources Transferred Out Without Reimbursement (Assets Capitalized)."

C. Sources of entries to the Account 3310, Cumulative Results of Operations (Assets Capitalized) are property records and journal vouchers. The following illustrates common accounting period closing entries to this account:

Dr 5720 Financing Sources Transferred In Without
Reimbursement (Assets Capitalized)
Cr 3310 Cumulative Results of Operations (Assets Capitalized)

Entry to close the value of assets transferred in without reimbursement at the end of the accounting period.

Dr 3310 Cumulative Results of Operations (Assets Capitalized)
Cr 5730 Financing Sources Transferred Out Without
Reimbursement (Assets Capitalized)

Entry to close the value of assets transferred out without reimbursement at the end of the accounting period.

100206. Account 3310, Cumulative Results of Operations (Liabilities Assumed).
Account 3310, Cumulative Results of Operations (Liabilities Assumed) shall be used to:

A. Record the sum of the amounts assumed without accompanying payment for accrued annual leave and other liabilities transferred-in.

B. Record holdbacks on progress billings from contractors at the time of initial capitalization (if payment in the form of cash or other assets was not received in sufficient amount to cover the liability).

C. Sources of entries to the Account 3310, Cumulative Results of Operations (Liabilities Assumed) are journal vouchers. The following illustrates common accounting period closing entries to this account:

Dr 3310 Cumulative Results of Operations (Liabilities Assumed)
Cr 5720 Financing Sources Transferred In Without
Reimbursement (Liabilities Assumed)

To record the amount of unfunded annual leave transferred in without accompanying payment from an appropriated fund activity to a DWCF activity.

Dr 3310 Cumulative Results of Operations (Liabilities Assumed)
Cr 5720 Financing Sources Transferred In Without
Reimbursement (Liabilities Assumed)

To record the amount of holdbacks on progress billings from contractors transferred in without accompanying payment from an appropriated fund activity to a DWCF activity.